

ECONOMIC DEVELOPMENT COMMITTEE
AUGUST 21, 2012
5:00 P.M.

Councilman Benson, Chairman, called the meeting of the Economic Development Committee to order with Councilmen Murphy, Ladd, McGary, Rico, Scott, Robinson, Berz and Gilbert present. City Attorney Michael McMahan and Shirley Crownover, Assistant Clerk to the Council, were also present.

Others present included Johnny Feagans, Dan Johnson, Matt Lea, Larry Zehnder, Daisy Madison, and Richard Beeland.

On motion of Councilman McGary, seconded by Councilman Rico, the minutes of the previous meeting were approved.

DOWNTOWN HOUSING DEVELOPMENT

Chairman Benson turned the meeting over to **Kim White** of River City. She stated that for the past ten years they had been working to develop the market rate on rental property, and the program has expired; that more people live downtown and need something affordable; changes have been made and territory reduced; also the school portion of taxes have been added back in and the ability for each project to come before the Council. She stated that each program would be developed through River City and they would vet the project, and then it would go to the Health and Education Board, and then on to the Council for a vote. She noted that they were re-visiting this program—that 300 apartments had been torn down on Cameron Hill—that this was not a tax abatement but a tax freeze, in order to make this more attractive.

Councilwoman Ladd related to Ms. White that she was concerned about the PILOT Program that has expired; that this Council had looked at what they could do to get some money such as the County gets for the schools—that we have nothing that the City will be receiving, and this will be compounded by back tax property (foreclosures). She stated that from her concept, asking for us to have a portion, this Council needs to strategically look at a better way to protect ourselves; that this is a great idea, but there has to be a balance; that she was not comfortable with this—that we needed a whole new PILOT Program.

Ms. White explained that this was definitely industrial; that the City would still be getting the taxes they are getting today. She mentioned the Housing Pilot and multi-use buildings.

Councilwoman Scott noted that prior to today, the Council had a copy of the plan, and she did not think this was mentioned. Ms. White responded that the last one said “power to veto”. Councilwoman Scott stated that we had always had the power to veto, after the fact—we did not vote on it; that they have a certain number of days to do what they say they will do; that she was hearing this is more appealing and more workable; that she would like to have time to

peruse this document and asked if this was on the agenda tonight. She was told “yes”. Councilwoman Scott stated that everyone needed to be able to read it, and this might need to be deferred. Councilman McGary stated that Councilwoman Scott had mentioned his concern; that he would suggest taking this under advisement; that the Council had just received the paperwork and deferral could be good.

Councilwoman Berz related to Ms. White that she was all for housing downtown. She asked very simply, if we vote for this “what will we **not** get?” She wanted to know what benefits taxpayers will lose.

Ms. White explained that the City is getting taxes today on the commercial building; taxes on improvements made will not be increased for a number of years—that that was the “piece” that the City would not be getting.

Councilwoman Berz responded that that was the thing that was bothering her; that she, too, felt we needed to defer this; that what we are not getting is taxes being deferred for many years; that we need to get more taxes, and she was not ready to vote tonight; that she concurred with Councilwoman Ladd in taking a look at all PILOTS—business or residence—that she was tired of any benefit going county-wide—that the school tax goes to their General Fund, and there should be some benefit back to us—that this was the “tipping” point.

Chairman Benson noted that most of the Council had gotten to the point on PILOTS; that most of the growth is in the City, and we are being held in abeyance; that the school tax is carved out for the county; that we increase services and nothing is “carved” out for us; that there is an inequity between the City and the County—that we provide services but our taxes are not increased. He wanted to know how many years this would be for? Ms. White responded that taxes would be frozen for ten years. Councilman Benson felt that we were getting the worse end of the deal because we have to provide services. He asked Ms. White if she was following him? She responded “absolutely”, but there would be an increase of taxes downtown along with the additional services to bear. Councilman Benson told her that she was doing this well, but there was an inequity the City was having to carry but not the County.

Alfred Smith spoke. He stated that he sent the revised version of the program to the City Attorney, and he assumed that he would pass it on to the Council; that it does have a provision for each project to be voted on separately, and this was approved by the County Commission. He stated that he would be out of town next Tuesday but would be glad to answer any questions that the Council had.

Chairman Benson noted that there were no lights on.

The meeting adjourned at 5:10 P.M.